AGGLOMERATION DYNAMICS OF HI-TECH NEW VENTURES IN ITALY BEYOND THE INDUSTRIAL DISTRICT ERA (SUMMARY)

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SUMMARY

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Principal Topic

Under the “Knowledge Spillover Theory of Entrepreneurship”, urbanization economies rather than localization economies are considered the driving force for new venture creation (Jacobs, 1969; Audretsch & Feldman, 1996). Furthermore, diversified urban areas results suitable location for new ventures compared with industry-specialized and less urbanized areas (Handerson, 1995; Porter, 1999).

Localization of new ventures may also show some form of “path dependency” (Fotopoulos, 2014). Thus, geographical areas with relatively high rates of new venture creation in the past – such as Italian industrial district area (IDs) - are likely to show high rates of startups in the future (Fritsch & Mueller, 2006; Hathaway, 2013). In addition, business support and incubating initiatives i.e. incubators and science parks may foster entrepreneurship (Ratinho & Henriques, 2010).

Method

The analysis is based on 6018 innovative startups registered in the Italian Chamber of Commerce Firms Register, classified according to two-digit NACE codes 2007. Other data were collected from the Italian Institute of Statistics, including the geographical distribution of 141 industrial districts, as well as from an empirical research meant to locate and classify incubating initiatives. All data were analyzed considering 104 Italian NUTS 3 regions - aka “provinces” - using a multiple linear regression model.

Results and Implication

The study presents four main findings. First, diversified and urban area seem not to play a significant role in new venture creation and agglomeration. Second, the presence of industrial districts exhibit a positive influence on innovative new venture birth rate. Third, incubating initiatives reveal a strong and positive impact on innovative new venture birth rate. Fourth, the authors add empirical confirmation on entrepreneurship as tool that fosters existing regional disparities rather than regional development.

This study highlight the centrality of incubating initiatives on the extant debate on new venture creation. Since, incubating initiatives are only a small part of the wider supportive startup system, there is space here for future research. Moreover, path dependency theories over the traditional agglomeration theories find support in this research. Thus, suggesting important insights for policy makers. For instance, policy-makers should design specific measure to facilitate a collaborative model between SME, typically populating a IDs, and innovative startups. This, it may represent a key driver for the future economic growth.

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